MRA Project Summary
MRA Board Meeting
March 24, 2026

Urban Renewal District: URD III

District Sunset Date: June 30, 2040

City Council Ward: 4

Name of Project: 1919 North Avenue West, Franklin Crossing

Project Location: Johnson Street and North Avenue West

Project Description: 225 new homes in the form of 192 income qualified apartments and 33 for sale market rate townhomes

Proposed TIF Investment: $9.7 M commitment as a placeholder in the URD III budget characterized as “FY27 Committed”

Board Action Requested: Approval of a request to set aside $9.7M of URD III TIF funds as a placeholder in the FY27 budget for the Franklin Crossing housing project in order to assist the Missoula Housing Authority in its application for funding from the State of Montana GO Housing low interest loan program and its application for 9% Low Income Housing Tax Credits by demonstrating the City’s investment in providing 225 new homes for Missoulians.

Unique Public Purpose or Benefit: This project continues to expand the benefits from Montana Rail Link’s sale of this property to the City at a price significantly below market value, enabling the construction of a much needed public park and now adding 225 new homes to the community, addressing a critical need as the city experiences a housing crisis.

This partnership between MRA and the Missoula Housing Authority allows the City to further the goals of the URD III Plan, the Midtown Master Plan and the City’s Strategic Plan.

M E M O R A N D U M

TO: MRA Board of Commissioners

FROM: Ellen Buchanan, Director *EB*

DATE: March 17, 2026

SUBJECT: 1919 North Avenue West, Franklin Crossing - Redevelopment Proposal

History & Status of the Site

This proposal is for the property acquired by the City/MRA from Montana Rail Link in 2017 and located on North Avenue and Johnson Street, previously referred to as North MRL Triangle. The property consists of approximately 12 acres, 4 acres of which were developed as MRL Park shortly after acquisition. The remaining 8 acres has been occupied by various users since the acquisition and most recently served as a temporary emergency shelter until it was closed by the City last September. The unoccupied buildings are in the process of being deconstructed under a contract between the MRA and Heritage Timber with a very large percentage of the materials being salvaged for reuse or recycling. That work should conclude in the coming weeks. There are two other buildings which are currently occupied. One is leased by the City to Hope Rescue Mission and the southernmost building is occupied by Camp Mak a Dream, which owns the building and leases the land from the City. Both tenants are aware of the proposed redevelopment of the property and are researching new locations.

Public Process & Redevelopment Plan

In response to a directive from the City Council per Resolution 8729 adopted on September 18, 2023, MRA issued a Request for Proposals to conduct a public process which led to a community based plan for the redevelopment of the site. MRA contracted with a team led by GGLO which conducted public meetings and surveys, the result of which is the North MRL Triangle Redevelopment Plan (the Plan). Based on the Plan and the need for housing, the Missoula Housing Authority (MHA) has partnered with United Housing Partners (UHP) to lead a team which has an ambitious proposal to redevelop the remaining 8 acres. The collective development consists of both rental apartments (the Rental Project) which are income qualified and for sale townhomes that will be sold at market rates (the Townhome Project). A mix of housing types was important to the neighborhood and is reflected in the Plan. The attached conceptual site plan demonstrates this mix.

The Rental Project

The Rental Project, as currently proposed, will consist of 192 apartments consisting of 1, 2 and 3 bedroom homes serving families earning between 30% - 70% of Area Median Income (AMI). The apartments will be housed in three buildings, one of which faces Johnson Street with two fronting on North Avenue. The apartments will require support from a number of sources in order to be feasible. Those sources include the award of 9% Low Income Housing Tax Credits (LIHTC) paired with 4% LIHTC, the former of which is very competitive. It will also require 40 Project Based Vouchers (PBVs) to support those in the lowest income brackets.

The State has created a fund administered by the Montana Board of Housing entitled GO Housing which will make loans at low interest rates to selected housing projects. MHA and UHP are submitting an application for $5M in GO Housing low interest loan funds. The full application is due by April 13th with a presentation to the State in early May. GO Housing awards will be announced in mid-June. Competition for the GO Housing funds is also expected to be high and City support of the Rental Project is important. The Rental Project is also dependent on City participation in the form of donation of the land required for the buildings, landscaping and parking as well as TIF funding.

The amount of TIF funding is currently identified as $9.7M which would provide $2.9M to construct the required infrastructure as well as $6.8M to provide gap funding for the rental homes that qualify as Workforce Housing under the MRA program. The Rental Project was designed to serve a wide range of Missoulians from 30% - 70% of AMI, with 60 apartments serving 30% up to 60% AMI, and 132 apartments serving 60% - 70% AMI. These 132 apartments meet the income restrictions in the MRA Workforce Housing Program program, resulting in a subsidy of just over $51,500 per door. Based on MRA's research of similar programs, anything under $100,000 per door in TIF funds would be considered reasonable. We do not have an appraised value for the land but based on the City's acquisition price of the property behind Bob Wards, the value of the donated land would be just under $3.2M. The original purchase of this site from Montana Rail Link was below market and this donation continues that public benefit.

Market Rate "Missing Middle" Townhomes

The final component of the project is 33 market rate townhomes which will be for sale. The townhomes front the Bitterroot Trail and MRL Park. Every effort will be made to hold the price of these homes to a level that can be affordable to middle income families by not using the proceeds from their sale to subsidize the affordable apartments. The property needed for the townhomes will be purchased from the City at appraised value. Based on the calculation used for the land donation above, which is probably low today, the property would sell for just over $1.35M. Considering that MRL sold the entire 12 acres to the City for $2,000,000 and we have provided a much needed 4 acre park for the neighborhood and will be able to provide 225 new homes, roughly 87% of which will be income qualified, a return of over $1.35M makes this an investment that helps accomplish a number of goals that are important for Missoula.

Timing of the Request

The urgency of bringing Franklin Crossing before the MRA Board is driven by the very aggressive deadlines for the funding needed to support the Rental Project. The more certainty around the funding sources that we can control, the better the chances of obtaining

the other required funding and the competitive tax credits. A significant investment by the City in this development will be viewed very favorably when the applications are being considered. The April deadline for the GO Housing loan program requires that we bring this to the MRA Board at the March meeting for consideration even though we know that the numbers will likely change. There are still a lot of moving parts to be nailed down and numerous funding sources that are outside of the control of the City or MRA. MHA and UHP have backup plans in the event that some of the sought-after funds are not attainable but the GO Housing and 9% LIHTC pieces controlled by the State are critical as is the TIF funding.

Request for TIF Funding Commitment

MHA and UHP are requesting that the MRA Board consider approving a place holder in the URD III budget in the amount of $9.7M with the understanding that the final request might change depending on what happens with the other anticipated funding sources and construction costs. They will not know if they have received the 9% Tax Credits until October and that may be a determining factor as to whether this proposal can move forward at this time. If the funding for the project is approved, staff will bring all of the required information, including any adjustments to the TIF request, and the appropriate agreements back to the Board for final approval and authorization for the Chair to sign the agreements.

URD III Financial Capacity

This project cannot move forward until FY27 based on the grant and loan awards timing, particularly the 9% Tax Credits awards which will be announced in October 2026, and it will then take another 10 months to close and start construction. There is more than adequate capacity in URD III to fund this request. As of last month's financial reports, there was over $3.6M in the District in unobligated funds and our FY26 revenues exceed $8.3M annually. The District also has a significant amount of bonding capacity. Depending on the impact of future remittances on URD III and how the Midtown Commons development moves forward, we could potentially fund this project without issuing bonds; however, if that becomes necessary, the capacity is there and there are no opportunities lost that we are aware of.

Staff Recommendation: Staff recommends that the MRA Board approve a request from the Missoula Housing Authority to allocate $9,700,000 of URD III TIF funding as a placeholder for the Franklin Crossing project located at 1919 North Avenue West and direct staff to reflect that amount in the URD III budget as "FY27 Committed" with the understanding that the project is dependent on multiple funding sources outside of the control of the Housing Authority or the City and the final request will come back to the Board for approval after all of the necessary funding is committed.

FRANKLIN CROSSING

225 TOTAL HOMES

- LIHTC Apartments:
  192 Units (30-70% AMI)
  - x20 1 Beds @ 30% AMI
  - x20 1 Beds @ 50% AMI
  - x8 1 Beds @ 60% AMI
  - x28 1 Beds @ 70% AMI
  - *Total 1 Beds: 76*
  - x20 2 Beds @ 30% AMI
  - x4 2 Beds @ 60% AMI
  - x60 2 Beds @ 70% AMI
  - *Total 2 Beds: 84*
  - x32 3 Beds @ 70% AMI
  - *Total 3 Beds: 32*

  Size: 4.896 Acres (213,258 SF)

- Townhomes & Corner Lot: 33 Lots
  Size: 90,212 SF
  For Sale Homes= 29 Shown
  Corner Lot = 4 Lots

Landscaping
LIHTC Lot = 31,989 SF Required
32,500 SF Provided

NORTH AVE

LIHTC Apartments
5 Stories
70 units

Patio & Midblock Crossing

LIHTC Apartments
5 Stories
70 units

Bikes

Bikes Trash

250 Parking Spots

Retention Pond

LG TOWNHOMES

JOHNSON ST

LIHTC Apartments
5 Stories
52 units

Trash

CORNER LOT

SM TOWNHOMES

1 Concept Site Plan_030626
1/64" = 1'-0"

0 32' 64' 128'
0 2"
1/64" = 1'-0"

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Franklin Crossing @ MRL Triangle

MRL TRIANGLE
MISSOULA, MT
DATE: 03/19/26

AS102